



August 26, 2005

AUG29'05 PM 3:31 BOARD

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22341-3428

Subject: Request for Comment – Regulatory Flexibility Program

Dear Ms. Rupp:

We have reviewed the subject, and respectfully offer our comments for NCUA consideration. The NCUA Board and staff are commended for their continued efforts to provide regulatory flexibility where appropriate.

We support the proposed rule, which revises the existing Regulatory Flexibility (Reg Flex) Program rules by lowering the net worth requirement from 9% to 7% and requiring that the net worth requirement be met for six consecutive quarters, effectively attaining consistency with Prompt Corrective Action net worth requirements. As proposed, credit unions rated a CAMEL Code 2 or better but who do not meet the net worth requirement for six consecutive quarters, may apply to the Regional Director to obtain the Reg Flex designation. With this application process, the proposed rule is sufficiently flexible.

Additionally, we respectfully suggest that the proposed Regulatory Flexibility Rule include provisions that would ease the 3-year fixed asset utilization requirement for Reg Flex credit unions that are under the 5% fixed asset limitation. Specifically, we suggest that Regional Director approval should not be required for Reg Flex credit unions that are within the 5% fixed asset limitation, but who do not “partially occupy” real estate on a “full time basis” within 3 years of acquisition. As long as the credit union has defined an acceptable utilization approach and is within the 5% limitation, exceeding the 3-year utilization time frame would not represent material risk to the NCUSIF.

Thank you for considering the comments of Security Service Federal Credit Union. If you have any questions or require clarification, Chief of Staff Howard Baker or I am available at your convenience at (210) 476-4550.

Sincerely,

MAX GIOVANNINI
Chairman of the Board